

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

In Re: Lockhart Chemical Company, f/k/a
Additives International,

Bankruptcy No. 22-22005
Chapter 7

Debtor,

HON. CARLOTA M. BÖHM

Natalie Lutz Cardiello, Chapter 7 Trustee for
Lockhart Chemical Company,

Movant,

v.

Markel International Insurance Company
Limited,

Respondent.

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**STATEMENT IN SUPPORT OF THE TRUSTEE'S *EXPEDITED MOTION TO
ENFORCE THE AUTOMATIC STAY, ASSUME EXECUTORY CONTRACT
AND TO ENJOIN TERMINATION OF INSURANCE POLICY***

The Michigan Department of Environment, Great Lakes, and Energy (EGLE) states as follows in support of the *Expedited Motion to Enforce the Automatic Stay, Assume Executory Contract and to Enjoin Termination of Insurance Policy* (Motion) filed by the Interim Chapter 7 Trustee, Natalie Lutz Cardiello (Trustee).

1. The Debtor's business involves operating a facility located at 4302 James P. Cole Boulevard, Flint, Genesee County, Michigan (Facility), which manufactures additives for formulating rust preventatives, corrosion inhibitors, emulsifier packages, and other processing additives for metalworking and greases.

2. The Facility's operations require storing process materials in bulk, including chemicals and hazardous materials, and result in the generation of solid

and hazardous wastes and liquid industrial byproducts. If not properly managed, these materials and wastes pose a risk to public health and the environment.

3. Pursuant to State of Michigan Executive Orders Nos. 2011-1 and 2019-06, EGLE is the primary state agency charged with the administration and enforcement of environmental laws, including the Natural Resources and Environmental Protection Act, 1194 PA 451, Mich. Comp. Laws §§ 324.101 to 324.90106 (NREPA), for the protection of public health, safety, welfare, and the environment.

4. The Facility has a long history of non-compliance with environmental protection laws, including failing to properly manage chemicals, solid and hazardous wastes, and liquid industrial byproducts. EGLE has documented the presence of multiple chemicals and waste materials onsite that require proper identification, characterization, and disposal. Infiltration of contaminated runoff from the Facility into the City of Flint's storm sewer system, and ultimately the Flint River, has been a long-running issue at the site, and contaminated soil and groundwater requires corrective action and remediation.

5. On October 25, 2022, this Honorable Court granted the Trustee's *Expedited Motion for Authority to Operate Debtor's Business Nunc Pro Tunc*, permitting her to operate the Debtor's business for a period of six months. (ECF No. 29.) The Bankruptcy Code requires that this must be done in accordance with all valid state laws, including the NREPA. *See* 28 U.S.C. § 959(b).

6. In the instant Motion, the Trustee represents that “[t]he Debtor has chemical products that must be disposed of by proper means to avoid harm to the public” (ECF No. 72, ¶ 23.) EGLE strongly agrees with that statement.

7. The Trustee further represents that “the public interest requires the insurance of injunctive relief. Without an injunction in place, the Trustee will be unable to properly administer the Estate, which includes proper disposal of the chemicals.” (*Id.* ¶ 25.) EGLE strongly agrees that proper disposal of the chemicals is in the public interest, and anything that would prevent the Trustee from properly disposing of the chemicals at the Facility is against the public interest.

8. EGLE believes that it is vital to the protection of public health, safety, welfare, and the environment that the Trustee be able to manage all products, wastes, and liquid industrial byproducts at the Facility. EGLE, therefore, files this Statement in Support of the Trustee’s Motion.

Respectfully submitted,

/s/ Keith D. Underkoffler
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